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FM AIT TAIPEI
TO RUEHC/SECSTATE WASHDC 5368
RUEATRS/DEPT OF TREASURY WASHDC
INFO RUCPDOG/USDOC WASHDC
RUEHBK/AMEMBASSY BANGKOK 3703
RUEHBJ/AMEMBASSY BEIJING 6819
RUEHUL/AMEMBASSY SEOUL 8661
RUEHGP/AMEMBASSY SINGAPORE 6910
RUEHKO/AMEMBASSY TOKYO 8797
RUEHML/AMEMBASSY MANILA 0063
RUEHJA/AMEMBASSY JAKARTA 4077
RUEHKL/AMEMBASSY KUALA LUMPUR 3745
RUEHHI/AMEMBASSY HANOI 3316
RUEHBY/AMEMBASSY CANBERRA 4517
RUEHWL/AMEMBASSY WELLINGTON 1788
RUEHHK/AMCONSUL HONG KONG 8075
RUEHGH/AMCONSUL SHANGHAI 1107
RUEHGZ/AMCONSUL GUANGZHOU 0278

UNCLAS SECTION 01 OF 02 TAIPEI 001163

SIPDIS

SIPDIS

STATE PLEASE PASS USTR
STATE FOR EAP/RSP/TC, EAP/EP
USTR FOR ALTBACH and Stratford
USDOC FOR 3132/USFCS/OIO/EAP/WZARIT
TREASURY FOR OASIA/LMOGHTADER
TREASURY ALSO PASS TO FEDERAL RESERVE/BOARD OF
GOVERNORS, AND SAN FRANCISCO FRB/TERESA CURRAN AND NY FRB MARIA
BOLIS

E.O. 12958: N/A

TAGS: [EINV](#) [EFIN](#) [ECON](#) [PINR](#) [TW](#)

SUBJECT: Legislation against Financing Terrorism

SUMMARY

1. Taiwan is racing to pass new legislation against financing terrorism which the Egmont Group (an umbrella group of international Financial Intelligence Units) has required its members to complete prior to the end of May 2007. The pending legislation would impose heavy penalties for financing terrorism. END SUMMARY.

Legislation Delayed

2. Following 911, Taiwan's Ministry of Justice submitted a draft "Anti-Terrorism Act" (modeled on the U.S. Patriot Act) to the Executive Yuan (EY) in November 2002 which was forwarded to the Legislative Yuan (LY) in December 2003. However, the opposition KMT and PFP Parties have not allowed the bill to pass.

Concern over Human Rights Abuse

3. The opposition parties have been concerned that the bill's expansion of the administrative branch's authority could lead to human rights abuses. Some opposition party legislators allege the bill was written primarily to please the United States.

Pressure on LY

4. On May 21, the Ministry of Justice Investigation Bureau (MJIB) issued a press release that the Egmont Group requires its members to complete legislation against financing terrorism prior to the end of May 2007, and that the Egmont Group may expel Taiwan as a member if Taiwan fails to meet the May 31 deadline. Publicizing the deadline

puts heavy pressure on legislators who will be held responsible should Taiwan lose its Egmont Group membership. In 1998 Taiwan acceded to the Egmont Group, which is one of the very few international organizations in which Taiwan is allowed membership.

¶5. An official at the Ministry of Justice (MOJ) told AIT/T that the MJIB issued the press release to speed up LY action on the legislation, but that the Egmont Group is unlikely to expel Taiwan from the organization while another 24 members still don't have any anti-terrorism law. However, he added, the MOJ will try its best to push relevant bills through the legislature prior to the deadline of May 31.

Convenient Way

¶6. To separate the effort against financing terrorism from the concerns about expanding police powers, the MOJ decided in early May to move three articles related to financing terrorism from the proposed Anti-Terrorism Act to a separate bill designed to amend the Money Laundering Control Act (MLCA), already submitted to the LY on May 8.

Definition and Penalties

¶7. Article 2 of the MLCA defines "financing terrorism" as funding terrorist activities (including homicide, kidnapping, hijacking, etc.) to intimidate the public based on political, religious, tribal, and other beliefs. Article 3 makes "financing terrorism" as a felony. According to Article 11, violations can be subject to a jail term of 1-7 years and/or a fine up to NT\$10 million (US\$303,000).

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